

**Renewable Fuel Infrastructure Bill**  
**House File 2759**  
*As Amended by the Senate*

Last Action:

**Senate Floor**

April 26, 2006

**Executive Summary Only**

**An Act relating to renewable fuel, by providing for the appropriation of moneys to support renewable fuel infrastructure, providing for tax credits, and providing contingent and other effective dates.**

**Fiscal Services Division**  
**Legislative Services Agency**

**NOTES ON BILLS AND AMENDMENTS (NOBA)**

Available on line at <http://www3.legis.state.ia.us/noba/index.jsp>

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**EXECUTIVE SUMMARY  
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 2759 AS AMENDED BY THE SENATE  
RENEWABLE FUEL INFRASTRUCTURE BILL**

***BILL AS AMENDED BY THE SENATE***

***SENATE AMENDMENT***

**RENEWABLE FUEL  
INFRASTRUCTURE FUND**

- House File 2759, as amended by the Senate, appropriates a total of \$13.0 million to the Renewable Fuel Infrastructure Fund for FY 2007 through FY 2009 for costs associated with installation or conversion of renewable fuel infrastructure. The Bill also appropriates \$300,000 from the Fund to the Department of Agriculture and Land Stewardship for FY 2007 and FY 2008 for costs associated with motor fuel inspection. The Bill, as amended by the Senate, also makes numerous technical changes to HF 2754 (Renewable Fuel Incentive Bill).
- Creates a Renewable Fuel Infrastructure Fund under control of the Department of Economic Development (DED). The Fund will contain moneys appropriated by the General Assembly, in addition to federal and private funds. Monies in the Fund are appropriated to the DED exclusively to support the Renewable Fuel Infrastructure Programs established in HF 2754, as allocated in financial incentives by the Renewable Fuel Infrastructure Board established in HF 2754.
- Modifies the annual standing appropriation of \$35.0 million from the Grow Iowa Values Fund to the DED for FY 2007 through FY 2015. For FY 2007 through FY 2009, \$33.0 million is provided to the DED for business start-up, expansion, and retention activities, and \$2.0 million is appropriated for deposit into the Renewable Fuel Infrastructure Fund. For the period of FY 2010 through FY 2015, the full \$35.0 million is provided for business activities.
- Annually allocates up to \$50,000 of the \$2.0 million appropriation to the DED for FY 2007 through FY 2009 for costs associated with administering the Renewable Fuel Infrastructure Programs.
- Amends HF 2754 as passed by the House and Senate during the 2006 Session. The amendments to that Bill:
  - Clarify how taxpayers with tax years with a start date other than January 1 are to calculate tax credits.
  - Sunset all ethanol tax credits on January 1, 2021.
- Provides an annual appropriation of \$3.5 million for FY 2007 and FY 2008 from the Iowa Comprehensive Petroleum Underground Storage Tank Fund to the Renewable Fuel Infrastructure Fund.
- Transfers moneys provided in Section 15.401, Code of Iowa, to the Renewable Fuel Infrastructure Fund to be expended on the Renewable Fuel Infrastructure Programs. Section 15.401, Code of Iowa, provides a cost-share program administered by the DED from FY 2006 through FY 2008 for the installation or conversion of E-85 retail outlets and biodiesel terminal facilities. The total amount awarded is not to exceed \$325,000 annually. The amount to be transferred from the cost-share program to the Renewable Fuel Infrastructure Fund is estimated to be \$650,000.

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**HOUSE FILE 2759 AS AMENDED BY THE SENATE  
RENEWABLE FUEL INFRASTRUCTURE BILL**

**MOTOR FUEL INSPECTION**

- Annually appropriates \$300,000, or the amount necessary, to the DALs for FY 2007 and FY 2008 for the inspection of motor fuel, including salaries and support of 3.0 FTE positions. The DALs is required to establish and administer programs for the auditing and inspection of motor fuel, including renewable fuel.

**MOTOR FUEL QUALITY SCHEDULE**

- Requires the DALs to annually adopt a Motor Fuel Quality Assurance Schedule to assure that motor fuel meets all statutory tests and standards. On or before June 1 of each year, the Secretary of Agriculture is required to certify the amount required to implement the improvements required for the next fiscal year to the Director of the Department of Management (DOM) and the Fiscal Services Division of the Legislative Services Agency (LSA).
- The DOM is required to conduct a review of the scheduled improvements for that fiscal year and may reduce the amount certified if the DOM determines that a lesser amount is adequate. The Director of the DOM and the Secretary are to report the findings to the Legislative Oversight Committees.
- For each fiscal year, of the moneys appropriated to each State agency to support the production or use of renewable fuel, the DOM is required to transfer a prorated share of the State agency's appropriation that is necessary to satisfy the amount required to comply with the schedule of improvements for that fiscal year. The DOM is required to identify each affected appropriation and notify each Department head of the transfer of the prorated share on or before June 15 of each year.

**EFFECTIVE DATE**

- The Bill's effective date is contingent on enactment of HF 2754. The Section of the Bill relating to the Motor Fuel Quality Assurance Schedule takes effect upon enactment.

**FISCAL IMPACT**

- The Bill, as amended by the Senate, annually appropriates \$300,000, or the amount necessary, to the DALs for FY 2007 and FY 2008 for the inspection of motor fuel, including salaries and support of 3.0 FTE positions. The DALs provided the following information regarding the estimated costs associated with motor fuel inspection:
  - FY 2007: \$809,000 for costs associated with 6.0 FTE positions, travel, equipment, and sending out 10 samples per week to an out-of-state laboratory at a cost of \$110 per sample.
  - FY 2008: \$600,500 for the same costs as FY 2007, less \$208,500 for equipment.

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**HOUSE FILE 2759 AS AMENDED BY THE SENATE  
RENEWABLE FUEL INFRASTRUCTURE BILL**

***BILL AS PASSED BY THE HOUSE***

- Modifies the annual standing appropriation of \$35.0 million from the Grow Iowa Values Fund to the DED for FY 2007 through FY 2015. For FY 2007 through FY 2009, \$33.0 million is provided for business start-up, expansion, and retention activities, and \$2.0 million is provided for support of the Renewable Fuel Infrastructure Programs created in HF 2754. For the period of FY 2010 through FY 2015, the full \$35.0 million is provided for business activities.
- Of the \$2.0 million appropriation for renewable fuel programs, 65.0% is allocated to support the Renewable Fuel Infrastructure Program for Retail Motor Fuel Sites in HF 2754, and the remaining amount is allocated to support both Renewable Fuel Infrastructure Programs in HF 2754. The Renewable Fuel Infrastructure Board may adjust this allocation, however, if the Board determines that the number of persons eligible to be awarded moneys is insufficient.
- Annually allocates up to \$50,000 of the \$2.0 million appropriation to the DED for FY 2007 through FY 2009 for costs associated with administering the Renewable Fuel Infrastructure Programs established in HF 2754.